



Los Angeles Grand Avenue Authority



Board of Directors

Hon. Gloria Molina, Chair
Hon. Jan Perry, Vice Chair
David E. Janssen, Secretary
Robert R. "Bud" Ovrom
Sunne Wright McPeak, Ex Officio

NOVEMBER 20, 2006 MINUTES

The eighteenth meeting of the Los Angeles Grand Avenue Authority was held November 20, 2006 at the Kenneth Hahn Hall of Administration, Room 381-B, 500 West Temple Street, Los Angeles, California.

CALL TO ORDER

Chairperson Gloria Molina called the meeting to order at 10:34 a.m. The following Directors were present constituting a quorum of the Authority:

Gloria Molina, First District Supervisor, Board of Supervisors
David Janssen, Chief Administrative Officer, Chief Administrative Office
Honorable Jan Perry, Ninth District, City of Los Angeles
Robert R. "Bud" Ovrom, Deputy Mayor, City of Los Angeles

APPROVAL OF THE SEPTEMBER 25, 2006 MINUTES

On motion of Director Perry, seconded by Director Ovrom, the Authority unanimously approved the September 25, 2006 minutes.

PUBLIC HEARING AND CONSIDERATION OF VARIOUS ACTIONS RELATING TO THE GRAND AVENUE PROJECT

- a) Open the Public Hearing in accordance with Health & Safety Code Section £33431
Helen Parker, County Counsel, advised that the public hearing has been properly noticed and the hearing process may begin accordingly.
- b) Grand Avenue Committee Project Status Report – Eli Broad
Eli Broad, Chair, Grand Avenue Committee, reported that after nearly six years of planning, the Committee is ready to present the Authority plans for approval of the various aspects of the Grand Avenue Project. The Project will provide up to 2600 residential units (including 500 affordable units), a new hotel, over 400,000 square feet of retail uses. Also, the possibility of a new County office building has been included in the plan, and a 16 acre park for all Angelenos to visit and enjoy. Tax revenues will increase by \$109,500 million per year.
- c) Staff Report on Grand Avenue Committee recommendations of the Grand Avenue Committee for action on the Grand Avenue Project; Developer comments; and other public testimony/comments
Martha Welborne, Grand Avenue Committee, advised that the Final (Environmental Impact Report) EIR, Disposition and Development Agreement (DDA), Ground Leases for Phase I, a Conveyance and Funding Agreement, a Non Disturbance Agreement,

and a resolution making appropriate findings for redevelopment funding of public improvements in the project are being presented to the Authority for approval. Ms. Welborne reported the EIR has been completed in compliance with CEQA as well as local guidelines, and that a cumulative analysis was also performed to ensure all factors were addressed.

Ms. Welborne outlined the following impacts related to the Grand Avenue Project: Traffic impacts during construction and in certain intersections during operation; views from several surrounding buildings will be obstructed due to the new towers; changes to the park will alter a potential historic resource; air quality impacts during construction and during operation; noise during construction; the cumulative effect of 93 projects will impact police resources if there are no new additional officers are hired between now and the time the project is built; the existing park will be closed during construction; and library resources may be hindered as well. It is believed the significant economic benefits and tax revenues of the project will surpass any of the aforementioned mitigating impacts.

Paul Rutter, Attorney, Gilchrist and Rutter, reported on the various implementation agreements related to the Grand Avenue Project. Mr. Rutter advised the Authority that Section 1617 (City Approvals) has been deleted from the DDA. Due to the complexities of designing the Phase I project and the attempt to accommodate increased construction costs, the original construction start date of December 1, 2006 has been moved to October 2007. All other start dates related to the project remain unchanged. Additional requirements imposed on the Developer include: the creation of affordable housing units (20%); undertaking the design and construction of the Civic Park without profit; providing affordable parking for the public visitors on site; creation of public art for all phases of the project and following all CRA policies; local hiring, prevailing wage, living wage, equal benefits, service worker retention, MBE WBE goals, contractor responsibility, and non discrimination. Additionally, the Developer has agreed to pay \$500,000 toward the creation of a job training program. The Developer is working towards executing a project labor agreement with Building Trades and the Carpenters Union; a neutrality agreement with Local 11; and is in discussion with the SEIU regarding collective bargaining agreements for maintenance and security.

Bill Witte, Related Companies, commented on the continued commitment to moving ahead with the project and working in cooperation with the CRA, City and County. Mr. Witte noted the increase in construction costs will require the Developer to contribute an estimated \$4 million dollars to ensure the affordable housing component comes to fruition.

Chairperson Molina commended everyone involved in the project for their hard work and dedication in this endeavor.

Carol Schatz, President and CEO, Central City Association, commented on the significance of the Grand Avenue Project and the regional affect it will have for all residents in Los Angeles County. Although environmental and construction impacts will occur, the project will revitalize downtown Los Angeles and provide a boost to the economy.

Steven Rountree, President, Music Center, stated support for the Grand Avenue Project and the numerous benefits it will provide to the downtown area. Mr. Rountree added that he's confident that the Grand Avenue Committee staff will mitigate and manage the noise and construction, for the benefit of the courts and the music center and all those that are surrounding that project.

Brady Westwater, Downtown Neighborhood Council, commented on his support for the project and mentioned the Developer's willingness and determination in working with the public and addressing their needs was refreshing.

David Kirsch, Carpenters Labor Management Committee, noted the project's potential will offer employment opportunities and job training which will further stability and economic growth to the downtown area of Los Angeles.

Cecily Jackson supports the Grand Avenue project but is concerned that the DDA lacks the sufficient emphasis for small businesses and their success. Ms. Jackson suggested the Authority delay approval of the DDA until it can be amended to provide greater participation for small businesses. She also added that the Project was initially presented to have no public subsidy, but the reality is that tax increments will only work after the project is built. The DDA 301(3) (c) states that the number of affordable units will be reduced if the CRA subsidy is reduced. Consequently, she is prepared to file suit against the City and the County if that happens.

Benjamin Torres, Grand Avenue Coalition of Community Benefits, stated support for the Grand Avenue project but added the community benefits component needs to be upgraded. Mr. Torres requested the Authority consider that Affordability Levels should be set at 30% median income; add revolving loans for Homelessness Prevention; provide \$10 million for costs of Job Training; provide greater enforceability and oversight of Local Hiring Goals; and provide lasting assurances in event of transfer / re-assigning of Developer obligations.

Davin Corona, Grand Avenue Coalition of Community Benefits, requested the Authority to consider revising the DDA approval process to ensure more meaningful community participation. Mr. Corona added that the Community was excluded from the Project Negotiations and that Public documents were not made available until four days before the public hearing. He also stated that other major projects provide more comprehensive Community Benefits packages.

Russell Brown, President, Downtown Neighborhood Council, stated he fully supports the Project and believes it is a catalyst for the Los Angeles region. He is also pleased with the community public outreach concerning the project thus far.

Kevin Norton, IBW Local 11, endorses the project and the commitment to the local hiring plan and job training program component in the project's plan. Increased jobs, wages, and opportunities will provide the platform for future journeyman in the Los Angeles region.

Noreen McClendon, Executive Director, Concerned Citizens of South Central Los Angeles, stated the community benefits are not extended to the community. She expressed her concern for the poor and disenfranchised population in the city.

Many other projects in Los Angeles should be equally deserving of attention as well, since tax dollars are being used for this project.

Jean Franklin, Executive Director, United Job Creation Council, suggested the Authority adopt an apprenticeship program and to consider using her organization to serve as the program coordinator for the Grand Avenue Project.

Ben Beach, Legal Aid Foundation for Los Angeles, noted that the Final EIR inadequately responds to the public's comments. Mr. Beach also commented that there is no adequate explanation for why it's not possible to have more affordable units as a mitigation measure.

Beverly Blake, United Job Creation Coalition, requested assurance in the DDA outlining a retail component with inclusion of a plan for small businesses.

Martha Sanchez, ACORN, is concerned that the project's DDA does not address the poor/working class components. She advised that ACORN members earn less than \$30,000 per year and the 20% affordable housing component will only benefit the rich and not be enough to help the true labor force working in the City of Los Angeles.

Kevin Hassan, Beyond Equity Coalition, stated concern for the overall intent of the project and hopes the local hiring plan will be sufficient enough for the community. He also reported that business owners in East and South Los Angeles were not approached about contracts nor asked if they could participate in the Grand Avenue Project.

Richard Slauson, Executive Secretary, Los Angeles/Orange County Building and Construction Trade Council, stated his support for the project. Mr. Slauson added the local hiring of construction craft workers may be closer to actually 5,000 versus 24,000 jobs.

Monique Duarte commented on the substandard living conditions in her neighborhood and stated her dissatisfaction for the lack of attention and service in parts of the downtown Los Angeles community.

d) Close the Public Hearing

Chairperson Molina closed the public hearing session and advised that written comments will still be accepted and filed for public record.

Director Perry asked Grand Avenue Committee staff for confirmation that neither the DDA nor the Ground Lease commits the City to any financial participation in the Project other than the CRA's participation as previously negotiated.

Director Perry also requested clarification that neither the DDA nor the Ground Lease provide for the distribution of incentive rents or the approval of the Appraisal at this point in time. In response to Director Perry, Mr. Rutter reported the DDA does not discuss the distribution of incentive rents between the governing bodies nor does it discuss the Appraisal.

Director Perry stated the City is continuing to negotiate with the Developer relative to the hotel and the parking and when these negotiations are completed it may involve the distribution of incentive rents and a proportional share between the City and the County respectively.

Mr. Rutter advised further discussion is occurring regarding how to handle the rebates when they are agreed upon and the potential handling of a possible readjustment of incentive rents between the governing bodies.

Director Janssen advised that additional jurisdictions are involved in this process and amendments/adjustments will likely occur. Director Janssen emphasized the notion that approval of any action items by the Authority is only the first step in this process and advised that the County, City and CRA will ultimately decide the project's outcome.

Director Ovrom reported his satisfaction with the Grand Avenue Committee's recommendations and commented that more negotiations and discussions are still needed before final action is taken.

Director Perry requested this project not be taken before the CRA or be scheduled to be taken before the CRA until all outstanding factors are further discussed and/or resolved.

e) Grand Avenue Committee recommended action items as detailed in the Staff Report:

- 1) Take the following actions and make appropriate findings related to the Final EIR for the Project and Project Authorization: Certify that the final Environmental Impact Report (EIR) has been completed in compliance with the California Environmental Quality Act and the local guidelines related thereto and reflects the independent judgment and analysis of the Authority; find that the Authority has reviewed and considered the information contained in the final EIR prior to approving the Project, the mitigation monitoring program incorporated in the EIR along with the attached regulatory measures, project design features and other Authority-imposed additional conditions of approval relating to construction procedures, and non-substantive errata sheet, finding that the mitigation monitoring program is adequately designed to ensure compliance with the mitigation measures during project implementation; and determine that the significant adverse effects of the project have either been reduced to an acceptable level or are outweighed by the specific benefits of the project, as outlined in the attached Environmental Findings of Fact and Statement of Overriding Considerations, which findings and statement are incorporated herein by reference; and approve the Project as described in the project description in the Final EIR, except that the project description is amended to incorporate the alternative tower design on Parcels L and M-2 as described in Alternative 4 to further reduce the visual impact of the Project, and further authorize the Managing Director of the Committee to file the review fees required for an EIR by the California Fish and Game Code and a Notice of Determination for the Project;
- 2) Adopt the joint resolution making appropriate findings for redevelopment funding public of improvements for the Project in accordance with applicable redevelopment law (Health & Safety Code Sections 33445 and 33421.1);

- 3) Approve the Disposition and Development Agreement (DDA) between the Authority and Grand Avenue L.A., LLC, (Developer);
- 4) For Phase 1 (County-owned Parcel Q), with respect to the following Ground Lease documents to which the Authority is a party: (a) Approve the Ground Lease document between the Authority and Developer ("Authority-Developer Ground Lease), subject to County and CRA approvals, and requiring the transfer of the property to Developer at such time as all conditions and requirements to entering the Authority-Developer Ground Lease have been met; and (b) Authorize the Committee to negotiate and execute an appropriate Ground Lease between the Authority and the CRA ("CRA-Authority Ground Lease") to transfer a leasehold interest obtained by the CRA from the County to the Authority for the purpose of a sublease by the Authority to the Developer, substantially modeled on the previously negotiated County-CRA Ground Lease and after approval as to form by Authority counsel;
- 5) For future phases, direct that for Phase II (CRA-owned Parcels L and M) and Phase III (County-owned Parcel W-2), recommendations that subsequent ground lease documentation be returned to the Authority for Authority to approve and execute conforming documents with the Developer at such time as all applicable conditions and requirements to entering into ground leases for the transfer of each of those parcels have been met;
- 6) Approve a Conveyance and Funding Agreement between the Authority and the CRA and a Non-Disturbance Agreement between the Authority, the County, the CRA, and the Developer; both agreements related to implementation of the Ground Leases and the DDA;
- 7) Recommend that the Authority's member agencies, the County and the CRA, approve an amendment to the JPA Agreement to permit a change in the percentage share of net revenues distribution formula in the future if portions of the Project are not developed; and
- 8) Recommend that the Project be authorized to proceed and that the Chair be authorized to execute the approved documents each in substantially the same form that was presented to the Authority, after approval as to form by Authority counsel, and further recommend that the Authority request that the County, CRA and the City of Los Angeles proceed to consider and approve each of their agency's actions on the Project as required for its implementation.

On motion of Director Janssen, seconded by Director Perry, the Authority unanimously approved the Grand Avenue Committee's recommendations of the actions related to the Grand Avenue Project as listed above with the exception of item #7.

DISCUSSION OF FUTURE AGENDA ITEMS, DATE OF THE NEXT MEETING

Ms. Welborne reported the next Authority meeting is scheduled for January 22, 2007. Also, and contingent upon all underlying factors still in negotiation, the tentative dates scheduled for CRA approval is December 7, 2006; December 12, 2006 for Councils/Committees; and December 19, 2006 for the Board of Supervisors. Ms. Welborne noted that these dates are subject to change, and if so, new dates/times will be announced accordingly.

PUBLIC COMMENT

There was none

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:59 a.m.